



**ARIZONA STATE SENATE**  
*Fifty-Sixth Legislature, First Regular Session*

**VETOED**

FACT SHEET FOR H.B. 2440

electric energy; power companies; priorities

Purpose

Requires public power entities and public service corporations to prioritize reliable and affordable electric service when conducting infrastructure planning and investments.

Background

A *public power entity* is any municipal corporation, city, town or other political subdivision that is organized under state law, that generates, transmits, distributes or otherwise provides electricity and that is not a public service corporation ([A.R.S. § 30-801](#)).

A *public service corporation* is any corporation, other than municipal, engaged in: 1) furnishing gas, oil or electricity; 2) furnishing water for irrigation, fire protection or other public purposes; 3) collecting, transporting, treating, purifying and disposing of sewage through a system, for profit; or 4) transmitting messages or furnishing public telegraph or telephone service ([Ariz. Const. art. 15 § 2](#)). The Arizona Corporation Commission (ACC) oversees the electric power industry in Arizona but does not have authority over electric service provided by a city, municipality, irrigation district, electric district or utilities operated by tribal authorities ([ACC](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

***Public Power Entity***

1. Requires a public power entity responsible for its service territory to conduct infrastructure planning and investments to maintain reliable and affordable electric service.
2. Requires the governing body of a public power entity to provide electric service at just and reasonable rates.
3. Requires the public power entity, when making decisions regarding the planning, investment, procurement and operation of electric generation, transmission and distribution resources, to prioritize the reliability of the grid and affordability of the costs to retail electric customers.

***Public Service Corporation***

4. Requires the public service corporation responsible for its service territory to conduct infrastructure planning and investments to maintain reliable and affordable electric service.

5. Requires public service corporations to provide electric service at just and reasonable rates determined by the ACC.
6. Requires the public service corporation, to ensure the convenience, comfort and safety and the preservation of the health of the public in Arizona, to prioritize the reliability of the grid and affordability of the costs to retail electric customers when making decisions regarding the planning, investment, procurement and operation of electric generation.

*Miscellaneous*

7. Makes technical and conforming changes.
8. Becomes effective on the general effective date.

Governor's Veto Message

The Governor indicates in her [veto message](#) that H.B. 2440 is unnecessary and creates regulatory uncertainty in instances where affordability and reliability may be at odds.

House Action

NREW        2/14/23    DP        6-4-0-0  
3<sup>rd</sup> Read    2/28/23

Senate Action

NREW        3/6/23        DP        4-3-0  
3<sup>rd</sup> Read    3/28/23        16-13-1

Vetoed by the Governor 4/3/23

Prepared by Senate Research  
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RA/slp